# A Management Crisis For the New President: People Programs

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SHARP CRITICISM HAS BEEN LEVELED at the way in which a number of federal agencies administer the variety of grant programs aimed at easing the urban crisis. Despite major improvements in the past two years, thoughtful people continue to question whether our present delivery system can support a federal response commensurate with that envisaged in the ambitious legislation of recent years.

Much has been written about the urban crisis. We see it reflected daily in the ugly surge of violence, in rat-infested slum housing, in the pockets of heavy unemployment, in the growing welfare rolls, in the congestion of streets, and in the pollution of our air and water.

The urban crisis is national in scope, for these problems plague city after city across the nation. As a result, cities have found it necessary to draw upon the resources of a broad range of federal programs designed to cope with these physical, economic, and social ills. Unfortunately, these programs have been highly fragmented, often underfunded, and frequently bogged down in an administrative quagmire. A cumbersome delivery system creaks and groans under the weight of ever-increasing legislative assignments. It is expensive to operate, slow to deliver, and often unclear as to impact.

If one looks back on the administrative advances of the past several years, they are rather impressive. For example, we have completely reorganized HUD on what we call a problem-solving basis, through which we strive to mesh physical, economic, and social efforts. Substantial decentralization has taken place; special HUD representatives have been designated in the field to simplify the task of local officials in working with a multitude of federal programs; and the innovative Model Cities interagency mechanism represents a significant advance over older coordinating approaches.

The true test of progress, however, is not how far we have come, but how far we have to go. On the whole, it would seem that management in the socially oriented departments and agencies has a long way to go to match the exciting programmatic innovations of recent years.

There are probably many good ways of attacking this broad management problem. My own thinking leads me to suggest the following eight points as part of a presidential plan of action to strengthen management, cut red tape and streamline our system of response to the urban crisis.

### One: Cut Red Tape

Scores of new federal programs involving a number of departments, agencies, and bureaus have emerged in the urban arena. Each program—and often each of its subprograms—comes equipped with a unique set of legislative

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requirements, its own funding formula, special accounting requirements, and administrative standards. Each has its own processing procedures including an application form which ignores information previously submitted.

An in-depth probe would uncover an unbelievably intricate maze of procedures in some programs. We find an accumulation of old requirements which no longer have relevance; procedures adopted over a span of years because of special audit and GAO findings, congressional inquiry, and press criticism. The increased complexity of many programs such as the shift from a first-come-first-served basis of of award to one based on quality or need has also added to our processing procedures.

A surprising amount of red tape in these programs is self-imposed. In many cases the programs can be streamlined dramatically without legislation or executive order. But routine management studies traditionally utilized by government agencies will not do the job. Bold steps with major payoff potentials are required.

Setting "impossible" targets is one very practical way of cutting red tape, provided the leadership is strong enough to meet these strenuous goals. For example, the President's remarkable directive to cut processing time by 50 per cent in one year is being realized. Had he limited the goal to only 25 per cent, I believe that our initial achievement would have been also limited to about 25 per cent. Similarly, many of us were stunned a year ago when President Johnson and Secretary Weaver called for doubling the number of public housing units to be available this year. Yet, because this ambitious goal was set, we have in fact doubled last year's figures; and next year's goal is still higher.

It is obvious, however, that even though setting bold goals may be important to moving programs forward, the goals do not in themselves produce dramatic results without relentlessly cutting out marginal steps and applying a strong sustained management effort, which an "impossible" goal makes necessary. Without strong management, a courageous goal is reduced to an illusory hope.

Although everyone would agree that procedures should be streamlined, concern has been expressed that the application of modern management techniques to social programs may dehumanize these programs. I would argue, quite to the contrary, that only when properly managed can programs serve the people for whom they are intended.

This concern is reminiscent of the alarm sounded by a number of earnest scientists some 15 years ago to the effect that such techniques as PERT and project management would discourage scientists and stifle the fruits of scientific endeavor. They argued against systematic planning and scheduling quite persuasively, stating, for example, that one cannot schedule invention. Yet ways were found to schedule developmental projects, even those which explored unknown frontiers in science. In a few short years we learned to advance managment techniques in the field of research and development far beyond the degree of sophistication reached in any other area.

Today we hear the same type of concern voiced earlier by the scientists. Adaptation of systematic scheduling to urban development is impractical, we are told, because one simply cannot schedule the decision-making process of a city. It would seem that having learned to build around the uncertainties of scientific frontiers, we can also learn to deal with the vagaries of the urban decision-making process.

Over the years the narrow categorical federal grant system, and the way in which it was administered, has led to splintering of local governments and to widespread bypassing of mayors. This fragmentation has added considerable red tape at both levels through compartmentalization, conflicting objectives, breakdown in communications, and the infinite variety of program procedures. In some ways, this system has weakened the capacity of local leadership to plan and coordinate solutions to local problems.

The reworking of our aid system could well build on the Model Cities concept which is designed to function through the political and executive leadership of the city, while at the same time requiring neighborhood involvement. For the first time, we are taking major steps to help strengthen the city as an institution and enhance is own ability to coordinate programs and respond to critical citizen needs on a broad basis. In a word, we are belatedly seeking to strengthen local government.

**Two: Bring Together the Federal Regions**

Despite a new awareness of the need for close cooperation among the social action departments and agencies, each maintains a unique set of regional boundaries and field offices. No two systems are alike. This confusion at the field level has proven particularly obstructive in the administration of such multipurpose programs as Model Cities which require continuous joint effort. Furthermore, as field offices are strengthened, malcoordination among them will become even more serious.

Therefore, BOB should be given stronger White House and congressional support in its effort to untangle this geographic confusion in the field. HEW, HUD, Labor, OEO, EDA, and possibly others, should have the same geographic boundaries and offices.

**Three: Decentralize Administration**

The nation's communities are complex and of infinite variety, each with its own personality, its own special problems, and its own brand of leadership. In Washington we group and type these communities, and we tend to apply abstract statistical generalities which overlook their distinguishing characteristics. This is not due to a failure to recognize their differences, but is rather an unavoidable consequence of the enormous scope of the problems to be handled. There are simply too many communities for us in headquarters to know each one on the day-to-day, in-depth basis needed for the effective administration of present grant programs. And from this distance, it is easy to oversimplify the problems confronting local leaders.

Even if Washington could keep tabs on all these communities, it is still questionable whether it should. Headquarters in Washington must focus much of its energy on policy issues and political problems. A conscientious headquarters effort to involve itself heavily in day-to-day operations necessarily detracts from its principal roles of policy, program planning, and evaluation.

The detailed administration of these programs should be moved to the field, closer to the people, and where the problems are better known and understood.

In two years both OEO and HUD have established strong field offices in which the director is truly a manager, equipped with hiring and firing authority and responsibility for program direction. This is an important organizational breakthrough, but it does not represent the general pattern.

For example, some departments rely on field representatives of the secretary who lack most of the tools needed to effectively administer programs. They have no direct responsibility for supervision of regional employees or direction of programs; yet, they are expected to join with other federal agencies in carrying out highly complex programs requiring heavy agency commitment. The fact that these men and women do as well as they do is largely a tribute to their personal leadership.

Too often field effectiveness is undermined by informal limitations on formal delegations of authority (where they exist), by direct dealings between Washington and state and local authorities, and by failure of Washington to keep the field fully informed.

High grade levels are largely reserved for Washington staff, and most promotion ladders lead to Washington. However, the Civil Service Commission is giving strong support to higher field grades *when* the level of responsibility warrants. The principal problem lies with the slowness of agencies in building truly effective field offices, and the limited number of supergrades authorized by Congress.

Under the leadership of the Bureau of the Budget, a series of departmental steps should be taken to strengthen regional offices which are still weak and divided. Related departmental units need to be grouped together under a strong field official with the authority and the headquarters support needed to manage the department's work in the field.

Finally, a searching review is needed to determine which actions in the grant programs could not only be delegated to the field, but could be left in the hands of the states and cities. I believe this potential is far greater than we realize.

**Four: Strengthen Agency Leadership Roles**

Many major programs are handicapped by

the fact that several agencies are involved, none of which has been clearly and unmistakably designated a strong lead role and given the equipment with which to carry out that role.

The solution that most often comes to mind is reorganization. No doubt the need for massive reorganization of the domestic agencies should be considered carefully. Major changes may be found highly desirable. However, far too much confidence is placed in reorganization *per se* as the answer to management problems. It is only one of many tools to be drawn upon. Further, major changes in organization require time, and I would urge most strongly against postponing other steps until that uncertain day in the future when it may become possible to make sweeping changes in the federal structure. I believe that most of our current management problems can be reduced dramatically without major organization shifts. Progress toward untangling our present confusion can be made within the framework of presidential assignment of tasks, the pattern of congressional authorizations and appropriations, and step-by-step amendatory actions.

Whatever the means, it is important to establish clear departmental leadership roles for a given function. Agency lead roles have not been very promising to date, but it is much too early to assess their first major trial—the Model Cities Program. I believe they can be made to work. The unhappy alternative to agency leadership is to saddle our heavily layered bureaucracy with still another operating layer either in the Executive Office of the President or by interposing a superdepartment. We haven't yet been able to fully master the typical three-level structure — bureau, department, White House, with sublevels sometimes added. To insert yet another level could lead to an intolerable morass of red tape, confusion, and delay. At best, this new level could not hope to duplicate the technical expertise or information resources of a well-run agency; and, with these limited resources, it could expedite only a few actions at the expense of many. This super level would eventually be drawn into operating details and then could no longer free itself to carry out its intended role of coordination and direction. Further, we would pay a heavy bureaucratic price for this additional level through which key issues would encounter difficulty in penetrating upward and presidential decisions would have to filter downward. Finally, agencies would have to contend with a three-cornered superstructure: immediate White House staff, the BOB, and the new executive instrumentality. Then who would coordinate the coordinators?

### Five: Effective White House and BOB Monitoring and Support

While avoiding the temptation to take over detailed operations by the White House in order to get things moving, there simply must be stronger sustained White House monitoring of the effectiveness of departmental operations.

Over the years it has proven difficult to maintain strong surveillance of departments without becoming enmeshed in their day-to-day administration. When mistakes within an agency are widely publicized in the press, for example, a President can be seriously hurt. The White House may be sorely tempted to react by circumscribing the department's freedom of action rather than requiring that agency to set its house in order.

Nevertheless, a White House unit is needed both for monitoring that group of departments concerned with human resources and ensuring coordination among them. To have sufficient strength, this group must have ready access to the President. It must remain small. It cannot be permitted to isolate the President from his department heads or result in a papering over of vital issues which need prompt airing. It should quickly bring into focus and provide for the arbitrating of interagency disputes before relations are seriously undermined and programs interrupted. In particular, this unit must concentrate on how to make departments stronger arms of the President, rather than attempt to substitute for them.

While visible evidence of sustained White House concern for management is necessary from the standpoint of presidential leverage, it is the BOB which should provide the technical competence and leadership for diagnosing management problems and undertaking major improvements within the Executive Branch. The

Bureau should be asked to undertake a far more positive monitoring role in ensuring good management within agencies and effective coordination among them. For this reason, the next President will need to provide strong support in moving forward with a vigorous Office of Executive Management.

With White House backing when necessary, the BOB should see that lead roles are assigned promptly, that lead agencies for programs move forward with vigor, and that support agencies provide that support promptly. The Bureau of the Budget deserves a word of praise for its development and strong support of the Joint Funding Simplification Act of 1967 which would materially assist the lead agency concept. But thus far, the BOB has failed to do an effective job of seeing that resources are allocated by departments in support of multiprogram projects, even though these broad-gauged efforts are badly needed in combating the fragmentation and compartmentalism of many federal aid programs. This is an all-important task which lead agencies cannot perform.

All the monitoring in the world will not make a lead agency role succeed, however, unless the individual agency is fully committed to a program and is prepared to devote the necessary planning and resources to manage that program effectively.

**Six: Streamline the Federal Funding System**

All agencies suffer from the long delays and uncertainties of our outdated and cumbersome way of program funding. With the passage of time, the funding process has grown both longer and more erratic.

In the spring hundreds of thousands of people throughout the federal agencies begin the budget process. For the most part, they do so with little enthusiasm, for they are either without clear budget assumptions or they know from experience that the guidance they do have bears little relationship to what ultimately will be needed. After some general limitations issued from the BOB or department head bring the internal budget planning somewhat closer to the real world, the estimates are developed more fully and advanced upward through successive echelons of the agencies. After numerous fall hearings before the BOB, a meeting or two with the Budget Director, and summit meetings with the President, final decisions are reached in December. By that time the programs no longer match the justifications, leading to frantic rewriting on a time scale too short to permit either careful analysis or the desirable degree of involvement by knowledgeable people administering the programs.

With limited staff resources, the Appropriations Subcommittees then undertake to study the submissions and complete early action. However, existing congressional machinery cannot deal rapidly with anything so massive and complex as the federal budget, and the process moves ponderously into the summer and fall of the fiscal year for which the funds are supposed to be appropriated. When the appropriations are finally made and the money apportioned, the fiscal year is nearly half over. Further, it is at least 18 months since the initial estimating was done by those who are executing the programs. Many elements of the original planning are no longer recognizable, and community conditions have often changed. In some cases, not only the funding but the authorizing legislation itself expires and must be reenacted annually. In this situation careful planning is impossible. The responsible administrator enters the new year without knowing what his program is going to be or if he will have one—let alone what resources will be made available to him to carry it out.

After all of this, just when the program operator at long last believes he has funds and rolls up his sleeves to move forward, he often hears from his budget officer that an expenditure showdown, freeze, or cut has been imposed, perhaps coupled with a manpower freeze or reduction. And so the beleaguered official bravely talks about the great forward thrust of his program at a time when he is at his wits' end as to how to get either the people or the funds to move anywhere.

In the meantime, state and local officials have had to proceed with their work, unable to learn whether grants will be forthcoming and not knowing whether to hold scarce funds for matching purposes pending a decision at some unknown future date. This unfortunate process also leads to sharply fluctuating levels of fund-

ing which have a discouraging stop-and-go effect on state and local programs.

We have long since passed the point at which this archaic system should have been overhauled.

I would urge that the Legislative and Executive Branches join hands this year in a determined high-level undertaking to streamline the federal funding process. This would be a natural follow-up to the Budget Concepts report of last year, and is long overdue.

There is no lack of proposals which deserve this sort of serious examination. Such suggestions as beginning the fiscal year on January 1, the biennial budget approach, and the separations of authorizing legislation and appropriations into distinct congressional sessions, are examples. Sooner or later we must face up to a form of capital budget, or find some other way to make rational decisions between investments and current operating expenditures. The field open for investigation and exploration is large and the potential for improvement is great.

### Seven: Make Management a Part of New Programs

Managment must be an integral part of the planning for, and execution of, new programs. The depth of the urban crisis has demanded a wide range of new programs, although it is probable that insufficient thought is given to broadening or adapting old programs. New federal aid programs have been given birth at an astonishing pace over the past several years. In fact, no two people agree on just how many now exist. Some of these new programs are designed as major breakthroughs with great promise. At the same time, most of them are underfunded and their effectiveness is often blunted by the red tape discussed earlier.

In few of these programs are administrative problems thought through carefully in advance by either the Executive or Legislative Branches. When an effort is made to provide for sound administration, these considerations have the lowest priority in the inevitable bargaining which is a part of any enactment process. And in the give-and-take process of congressional debate, the seeds of future entanglement are often sown by including special provisions designed to secure needed votes.

Following enactment of a program, the White House and the administering department rush breathlessly forward to implementation with little time or attention given to its management. Before projects can be approved under newly enacted legislation, headquarters and field organization responsibilities need to be pinpointed and program standards and specific goals established. Basic schedules and progress reports have to be developed. Program and administrative budgets need to be prepared. Allotment and allocation processes and accounting procedures need to be established. Staffing levels and staffing patterns have to be developed. Many other steps could be included on this checklist of needed preparations, and great care has to be taken to make these steps as simple as possible.

This is not an argument for perfecting planning before launching urgent programs. Otherwise, too many worthwhile efforts would never get off the launching pad. It is an appeal, however, to complete enough of the administrative planning in advance to provide reasonable assurance that the program can move forward rapidly under competent staff and with funds adequately safeguarded.

### Eight: Hire Managers

There has been a surprising reluctance to draw upon proven management talent to direct social programs. Too often, those whose qualifications consist only of a deep social concern and interest in a new program are entrusted with all the key roles in its operation. For balance, we also need men with proven management experience in handling large numbers of people and dollars and in coping with complicated intergovernmental relationships.

Where the need for managerial talent is recognized, at times it is difficult to find it. When such talent is available, it takes a rarely found Rickover-type of determination and thoroughness to overcome the procedural obstacle course we all face in the federal bureaucracy. Furthermore, good management talent brought in from outside the government becomes too easily discouraged, and many leave just as their presence is beginning to be felt.

If we are to have good management in the federal government, managers need to be hired or developed, and, once in office, these managers must be permitted to manage.

## Conclusion

We have mastered the incredibly complex systems in defense, space exploration, and other activities centered on the physical sciences. We have not mastered the design of a comprehensive system which will deliver a large variety of grants-in-aid rapidly and efficiently to state and local governments. The delays are costly in terms of dollars for the federal, state, and local governments. More important, they mean that help does not reach those who need it until months—sometimes years—after it should.

Yet we have tried enough promising experimental and pilot efforts to know that the system is susceptible to great improvement, if leadership and management resources are made available. Without the discipline of the industrial balance sheet, the federal government simply has to raise the level of importance assigned good management in the Washington scheme of things. The eight points embodied in this paper are among the most urgent priorities. There are, of course, many other steps which should be taken in a hard-hitting attack on management problems. For example, this article does not speak to the strengthening of the management capabilities of cities.

Too many leaders of both the Legislative and Executive Branches look upon the passage of legislation and the bill signing ceremony as the culmination of the birth process of a new program. Clearly there is no program without legislation, but a far greater level of departmental attention and resources should be directed toward effective implementation without which a program is reduced to hollow oratory. As the result of unfulfilled promises, local officials become disillusioned, the poor lose hope, and the ghettos grow more bitter.

The problems to which our social programs are addressed are as old as man and as new as space technology. They are complex and stubborn, and no one among us can claim to know many of the answers. But the management of action programs in these areas presents no strange and exotic difficulties; they are similar to the problems involved in the management of complex enterprises everywhere. And I am convinced we have within the federal government a large number of very competent people who respond to strong leadership and who are dedicated to the challenge of improving American life.

Most of all, the interdepartmental character of the task of rebuilding our grant delivery system requires deep, visible White House concern and strong, sustained presidential support. If the next President will include effective management high on his agenda, and if he is given bipartisan support in Congress for this wholly nonpartisan objective, I believe that the administration of our grant-in-aid programs can be strikingly improved within a year, and virtually revolutionized within three years.